

FISCAL NOTE

SB 1050 - HB 1629

February 18, 2007

SUMMARY OF BILL: Increases the annual income eligibility limit of the Property Tax Relief Program for Elderly and Disabled Homeowners to \$22,500. Increases from \$25,000 to \$30,000 the full market value threshold upon which property tax relief for elderly and disabled homeowners is provided. These changes would be applicable beginning in tax year 2008.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$3,600,000

Assumptions:

- According to TCA § 67-5-702(a) and 703(a)(2) the annual income limit is raised each year according to the social security cost of living adjustment for the year. It is estimated that the increase for 2008 would bring the annual income limit to \$21,510 in the absence of this bill. Therefore, there will be an increase in the eligibility limit of \$990. $\$22,500 - \$21,510 = \$990$. This is estimated to result in an additional 3,106 individuals qualifying for the program.
- The average payment per claim recipient in tax year 2008 is estimated to be \$198.99 in the absence of this bill. By increasing from \$25,000 to \$30,000 the value threshold upon which property tax relief is based, the average payment per claim is estimated to increase to \$233.92. This is an increase of \$34.93 per claim.
- There are estimated to be 85,715 claim recipients according to the provisions of this bill. Of these, 3,106 are individuals that would not have qualified in the absence of the bill. Therefore, the state will experience an increase in expenditures of \$726,556. (calculated as $3,106 \times \$233.92$) due to the additional 3,106 qualifiers.
- The remaining 82,609 qualifiers would have been eligible to receive property tax relief in the absence of this bill. Each of these individuals will receive an additional \$34.93 according to the provisions of the bill. The increase in state expenditures attributable to these individuals is \$2,885,532 (calculated as $82,609 \times \$34.93 = \$2,885,532$).

- The total increase in state expenditures is estimated to be at \$726,556 + \$2,885,532 = \$3,612,088.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director